

*SB 414 House Business and Labor Committee
April 8, 2015 – Montana Outfitters and Guides Assn.*

Purpose

SB414 corrects an imbalance created by current unemployment policies that inadvertently put an undue tax burden on seasonal operators.

Premise

The vast majority of Montana Outfitter & Guide Association members operate seasonal business providing hunting and fishing services as well as additional recreational services that benefit the tourism industry in Montana. For years, our members have been negatively affected by the unemployment insurance policies that do not properly take into account the consequences of a seasonal operation. SB 414 is a sound fair legislative fix to the problem.

Salient Facts

1. Regardless of how long an employee works for an operation, once they have been paid by an employer and then subsequently released due to the end of a recreation season, that employer stays liable for unemployment claims for 3 years. If several of the seasonal employees then file for unemployment benefits, the employer will likely diminish the pool of premiums accumulated and therefore be charged additional premiums in subsequent years. Because contributions to the pool will always be based on seasonal employment, a proportionately high burden falls onto employers that have only employed an individual a relatively short period of time.
2. The nature of seasonal employment is by design deemed temporary; it seemingly makes no sense to subject employers to a liability for long-term unemployment benefits for an employment relationship that from the start was always going to be short-term. Employees who go to work for seasonal operations know this.
3. Tourism is vitally important to Montana, and the service companies that operate seasonally are a large part of the tourism appeal. The State needs to help these small businesses survive and thrive in order to protect the contributions their customers make to the Montana economy.
4. Contributions to and subsequent withdrawals from an unemployment trust should be in proportion to the initial contract periods versus being deemed applicable (or liable) for an entire year.
5. This program is voluntary, so if too many employees of any particular company object, then an employer won't risk applying for the status in fear of being unable to attract and/or retain potential employees.

Conclusion

The changes requested in the Bill are sensible and will relieve small business of an unjust burden. Please support SB414!